

LETTER OF UNDERSTANDING BANKED LEAVE TIME PROGRAM

1. Eligibility.

Permanent and limited-term, full-time, part-time, seasonal, and intermittent, probationary and non-probationary employees shall be required to participate in the Banked Leave Time Program (Program) known as Part B hours under the State's Annual and Sick Leave Program. Non-career employees are not eligible to participate in the Program.

2. Definitions and Description of Program.

An eligible employee shall work a regular work schedule, but receive pay for a reduced number of hours. The employee's pay shall be reduced by four (4) hours per pay period for full-time employees and by a pro rata number of hours for less than full-time employees. The employee will be credited with a like number of Banked Leave Time (BLT) hours for each biweekly pay period.

3. Hours Eligible for Conversion to Program.

The number of BLT hours for which the employee receives credit shall be accumulated and reported periodically to participating employees. During the term of this Letter of Understanding, an employee shall not be able to accumulate in excess of 104 BLT hours. Accumulated BLT hours shall not be counted against the employee's regular annual leave cap, known as Part A hours under the Annual and Sick Leave Program.

The employee shall be eligible to use the accumulated BLT hours in a subsequent pay period in the same manner as regular annual leave, pursuant to Article 39.

4. Timing of Conversion of Unused Program Hours.

Upon an employee's separation, death or retirement from state service, unused BLT hours shall be contributed by the State to the employee's account within the State of Michigan 401(k) plan, and if applicable to the State of Michigan 457 plan. Such contributions shall be treated as non-elective employer contributions, and shall be calculated using the product of the following: (i) the number of BLT hours and, (ii) the employee's base hourly rate in effect at the time of the contribution.

If the amount of a projected contribution would exceed the maximum amount allowable under Section 415 of the Internal Revenue Code (when combined with other projected contributions that count against such limit), the State shall first make a contribution to the employee's account within the State of Michigan 401(k) plan up to the maximum allowed, and then make the additional contribution to the employee's account within the State of Michigan 457 plan.

5. Insurances, Leave Accruals and Service Credits.

Retirement service credits, overtime compensation, longevity compensation, step increases, continuous service hours, holiday pay, annual and sick leave accruals will

continue as if the employee had received pay for the BLT hours. Premiums, coverage and benefit levels for insurance programs (including LTD) in which the employee is enrolled will not be changed as a result of participation in the Program. Employees shall incur no break in service due to participation in the Program. Subject to legislative approval, the Program is not intended to have an effect on the Final Average Compensation calculations under the State's Defined Benefit Plan nor the salary used for employer contribution calculations under the State's Defined Contribution Plan.

6. Relationship to Plan A and Plan C.

Before incurring unpaid Plan A or Plan C hours all BLT hours must be exhausted.

7. Term.

The Program shall be effective beginning November 9, 2003. The pay reduction and accrual provisions of this Letter of Understanding shall be in effect through the pay period ending November 6, 2004 unless extended by mutual agreement of the Parties.

**ADMINISTRATIVE SUPPORT AND HUMAN SERVICES UNITS
LETTER OF UNDERSTANDING
FISCAL YEAR 2004 TEMPORARY LAYOFF DAYS**

The layoff and recall provisions of Article 12 shall not apply to this Letter of Understanding.

1. One Scheduled Fiscal Year 2004 Temporary Layoff Day

- A. All employees who do not occupy essential positions, as designated in the sole discretion of the Employer, shall be temporarily laid off without pay on January 2, 2004 (the day after New Year's Day).

Any temporarily laid off employee whose scheduled regular work hours exceed eight (8) on the above unpaid fiscal year 2004 temporary layoff day, may choose to either: 1) use accrued annual leave credits, BLT hours, or compensatory time to complete their scheduled day, or 2) accept lost time to complete their scheduled day.

Any employee who does not occupy an essential position whose scheduled regular day off falls on January 2, 2004, shall be scheduled for one (1) additional unpaid fiscal year 2004 temporary layoff day during fiscal year 2004 in accordance with section 3 below.

- B. All employees who occupy essential positions, as designated in the sole discretion of the employer, who are not temporarily laid off on January 2, 2004 shall be scheduled for one (1) additional unpaid fiscal year 2004 temporary layoff day during fiscal year 2004 in accordance with Section 3 below.

2. One Paid Fiscal Year 2004 Temporary Layoff Day In Fiscal Year 2003-04.

- A. All full time employees who do not occupy essential positions on December 26, 2003, as determined in accordance with the procedure outlined above, and are otherwise scheduled to work on that day, shall receive one (1) paid fiscal year 2004 temporary layoff day on December 26, 2003 (the day after Christmas).
 - B. All full time employees who occupy essential positions on December 26, 2003, as determined in accordance with the procedure outlined above, who work on December 26, 2003, shall have eight (8) hours of leave added to their annual leave counter.
 - C. All full time employees who are not scheduled to work on December 26, 2003, as a result of their regular day off, and do not work on that day, shall have eight (8) hours of leave added to their annual leave counter.
 - D. Less than full time employees shall be credited with paid fiscal year 2004 temporary layoff hours in accordance with the current practice for crediting holiday hours.
 - E. Employees having annual leave credited to their counters, as referenced in 2.b., 2.c., and 2.d. above, shall not be penalized for being at their cap.
3. Unpaid Floating Fiscal Year 2004 Temporary Layoff Days.
- In addition to 1. and 2. above, a pool of mandatory unpaid fiscal year 2004 temporary layoff days shall be established for full-time employees in these bargaining units, as provided below, in the amount of two (2) days times the number of full-time employees in the units minus employees exempted from the fiscal year 2004 temporary layoff program. Between the implementation of this letter of understanding and April 3, 2004, upon mutual agreement with their supervisor, employees may schedule mandatory unpaid fiscal year 2004 temporary layoff days in a manner similar to annual leave. The following dates are designated preferred fiscal year 2004 temporary layoff days during 2004: January 16, February 13, May 28, July 2, September 3, employee requests for fiscal year 2004 temporary layoff days on these dates shall be granted as long as staffing is maintained at a fifty percent (50%) level, unless mutually agreed otherwise by a department and the union. Mutually scheduled mandatory unpaid fiscal year 2004 temporary layoff days must be taken. Until April 3, 2004 more than one (1) mutually scheduled unpaid fiscal year 2004 temporary layoff day may be scheduled in a week defined as Sunday through Saturday. Denials of requests for non-preferred fiscal year 2004 temporary layoff days made prior to April 3, 2004 may be appealed directly to the department human resources director. If not satisfactorily resolved, they may thereafter be appealed to the director of the Office of the State Employer.

During the first full pay period of April, 2004, the employer will establish the number of days in the pool for each department in the amount of two (2) days times the number of full-time employees in these bargaining units by department. The employer will then total the number of mandatory unpaid fiscal year 2004 temporary layoff days taken or

scheduled to date by full-time employees in these units by department and subtract that number from the departmental pool of mandatory unpaid fiscal year 2004 temporary layoff days established for each department.

Non-career employees shall not be included in the calculation of this departmental pool, but will have their fiscal year 2004 temporary layoff hours calculated in accordance with the civil service regulation.

In the event that the requisite number of unpaid fiscal year 2004 temporary layoff days have not been taken or scheduled by the end of the first full pay period in April, 2004, the remaining unpaid fiscal year 2004 temporary layoff days shall be apportioned among the units' members in whole day increments. Any remaining mandatory unpaid fiscal year 2004 temporary layoff days in the pool shall be apportioned to employees in the department in inverse seniority order. All employees shall be scheduled for and incur the apportioned number of unpaid fiscal year 2004 temporary layoff days during the remainder of fiscal year 2004. Prior to May 1, 2004, such days shall be scheduled by mutual agreement of the employee and their supervisor in a manner similar to annual leave. From and after April 3, 2004 no more than one (1) mutually scheduled unpaid fiscal year 2004 temporary layoff day may be scheduled in a week defined as Sunday through Saturday. In the event that a department exceeds the requisite number of unpaid fiscal year 2004 temporary layoff days, those days will be credited to another department as determined by the union. Less than full-time employees are subject to mandatory fiscal year 2004 temporary layoffs on a pro-rated basis in accordance with the civil service regulation. Less than full-time employees are not included in the departmental pool.

In the event that the requisite number of unpaid fiscal year 2004 temporary layoff days have not been scheduled by May 1, 2004, the employer shall schedule the employee for the remaining days. No more than one (1) employer scheduled unpaid fiscal year 2004 temporary layoff day may be scheduled in a pay period. Employees shall receive notice of such employer scheduled unpaid fiscal year 2004 temporary layoff days at least fourteen (14) calendar days prior to the beginning of the pay period in which they are to be temporarily laid off.

In any work week in which an unpaid fiscal year 2004 temporary layoff day is scheduled, a code 3 employee who is in pay status for more hours than the adjusted work schedule will only have the unpaid fiscal year 2004 temporary layoff hours (hours not worked and not paid) added to the employee's fiscal year 2004 temporary layoff counter.

In any work week in which an unpaid fiscal year 2004 temporary layoff day has been incurred by a code 3 employee, the unpaid fiscal year 2004 temporary layoff hours and the hours in pay status may not exceed 40 without prior written authorization from the employee's supervisor. In those instances when the employee is in pay status for forty (40) or more hours in the week, no hours will be entered in the fiscal year 2004 temporary layoff counter.

An employee who is temporarily laid off in accordance with this Letter of Understanding shall not be entitled to any leave balance payoffs upon fiscal year 2004 temporary layoff, however, overtime compensation, longevity compensation, step increases, continuous service hours, holiday pay, annual and sick leave accruals will continue as if they were in full pay status. Premiums, coverage and benefit levels for insurance programs (including LTD) in which the employee is enrolled will not be changed as a result of participating in the fiscal year 2004 temporary layoffs.

4. Exemptions.

An Appointing Authority may request that the director of the Office of the State Employer exempt an employee from the obligation to take some or all of the mandatory unpaid fiscal year 2004 temporary layoff days. The director of the Office of the State Employer may exempt the employee if the director determines that (1) the employee is providing immediate essential public services or (2) uncommon extenuating circumstances warrant granting an exemption for the employee.

5. Grievances

Grievances alleging that there has been a violation, misinterpretation or misapplication of this letter of understanding may be filed directly to step three (3) of the grievance procedure provided in Article 8.

NO LAYOFF GUARANTEE

The Employer agrees that no employee in the Administrative Support or Human Services Bargaining Units will be indefinitely or temporarily laid off under provisions of Article 12 Layoff and Recall during fiscal year 2004. Nor will any full-time employees have their hours unilaterally reduced during fiscal year 2004. In the unanticipated event that it becomes necessary to conduct indefinite or temporary layoffs or reduce the hours of full-time bargaining unit employees during fiscal year 2004, the employer shall inform the union as early as possible, but not less than thirty (30) calendar days in advance of the layoffs or hours reduction, and discuss upon request the potential impact upon unit employees caused by such layoffs or hours reductions. Employee participation in the Banked Leave Time Program and the Temporary Layoff Program will be suspended for all employees in these bargaining units for the remainder of the fiscal year, beginning with the first pay period following such notice. The suspension shall not affect participation in the Temporary Layoff Program prior to the suspension. However, an employee may withdraw approved requests for future leave under the FY 2004 temporary layoff program. All accrued Bank Leave Time hours shall remain subject to the provisions of the Letter of Understanding.

LETTER OF UNDERSTANDING
ARTICLE 43 SECTION Q
JOINT EMPLOYEE EDUCATION, TRAINING AND DEVELOPMENT FUND

In light of the State's current budgetary situation, the parties agree that contributions to the Joint Employee Education, Training and Development Fund shall be suspended during Fiscal Years 2003-2004 and 2004-2005. In addition, the parties agree that three and one-half (3 ½) million dollars shall be withdrawn from the fund in Fiscal Year 2003-2004 to be applied toward the current budget deficit.

TERM OF AGREEMENT

The Letters of Understanding contained in this Supplemental Agreement will be in effect through September 30, 2004, unless otherwise provided.

LETTER OF UNDERSTANDING
JOINT CASELOAD REVIEW COMMITTEE

The parties agree to establish joint committees in the Department of Corrections and the Family Independence Agency comprised of four (4) representatives designated by the Union, four (4) representatives designated by the Department, one (1) representative designated by the International Union, and one (1) representative designated by the Office of the State Employer.

The committees shall review and discuss issues related to staffing ratios, reasonable production standards, approval of annual leave, and standards of promptness. The committees shall conduct their first meeting within fourteen (14) calendar days of Civil Service Commission approval of the Letter of Understanding.

The committees shall meet at mutually agreed times for no longer than six (6) months. Joint recommendations of the committees shall be made to the Department Director, the Director of the Office of the State Employer and the International Union.

LETTER OF INTENT
SUBCONTRACTING REVIEW COMMITTEE

The Office of the State Employer and the International Union and Local 6000 agree to create a committee to address problems related to state contracting. It is the intent of the parties that this committee will include participation by at least the Office of the State Employer, International and Local Union representatives, and Lt. Governor John Cherry as an ex-officio member. The committee will begin meeting within thirty (30) calendar days of Civil Service Commission approval of this Letter of Intent.

**LETTER OF UNDERSTANDING
DEPARTMENT OF CORRECTIONS
OVERTIME**

The parties have discussed concerns raised by the Union related to mandatory overtime scheduling for Registered Nurses in the Department of Corrections. For the term of this Agreement, the department agrees that Registered Nurses will not be mandated overtime on their regular day off, except in emergency situations.

**LETTER OF UNDERSTANDING
REGISTERED NURSES**

The parties agree to establish a committee comprised of a representative of the Department of Community Health, the Department of Corrections, the Office of the State Employer and three representatives of the Union designated by the International Union to review issues related to the recruitment and retention of registered nurses. The Committee will review best practices in the field as well as scheduling and compensation issues. Findings which involve mandatory subjects of bargaining will be shared during negotiations next year.

**LETTER OF UNDERSTANDING
UAW LOCAL 6000
LIMITED TERM APPOINTMENTS**

Beginning December 1, 2003, when an employee has been in the same limited term appointment for 4,160 continuous service hours, the employee shall be made permanent, unless the employee is working in a project which has an established ending date. This provision shall not apply to CPCP and MADA positions in the Family Independence Agency, nor shall it apply in the case of a continuing state classified employee who accepts an appointment to a limited term position in accordance with Article 12, Section A. This Letter of Understanding is entered into with the good faith intent to prevent the use of limited term appointments to avoid making permanent appointments.

**LETTER OF UNDERSTANDING
AMENDMENTS TO STATE EMPLOYEES RETIREMENT ACT**

If the Legislature does not pass amendments to the State Employees Retirement Act to provide for Banked Leave Time hours and FY 2004 Temporary Layoff Days to be treated as time worked and time paid for purposes of retirement the parties will meet to establish an appropriate process for addressing the resultant impact on retiring employees. It is the intent of the parties that retiring employees be compensated from

the Article 43 special severance fund to, as close as reasonably possible, be made whole for the present value of the lost retirement benefit incurred due to the banked leave time program and the FY 2004 temporary layoff days. It is the intent of the parties that employees from the DCH and UA shall not be excluded by this agreement.

LETTER OF UNDERSTANDING PRIVATE LETTER RULING

Upon approval of this Letter of Understanding by the Civil Service Commission, the Employer will seek a private letter ruling from the Internal Revenue Service confirming that mandatory unpaid fiscal year 2004 temporary layoff days taken pursuant to the Letter of Understanding on fiscal year 2004 temporary layoff days do not constitute leave voluntarily taken without pay. Upon a determination by the internal revenue service that mandatory unpaid fiscal year 2004 temporary layoff days constitute leave voluntarily taken without pay, the number of unused banked leave time hours up to the number of mandatory unpaid fiscal year 2004 temporary layoff hours taken shall be paid to the employee at their current hourly rate upon separation. Accumulated bank leave time hours above the amount of mandatory unpaid fiscal year 2004 temporary layoff hours taken shall be contributed to the employee's 401(k) or 457 account as provided above.

LETTER OF INTENT IMPLEMENTATION OF BANKED LEAVE TIME ADMINISTRATIVE SUPPORT AND HUMAN SERVICES UNITS

This affirms the parties intent that the Banked Leave Time program is to be implemented for employees in the Administrative Support and Human Services units effective with the pay period beginning November 9, 2003 in accordance with the provisions of the tentative agreement. Union ratification of the agreement is expected on November 24, 2003. In the event the tentative agreement is not ratified by the membership, the Banked Leave Time program will be discontinued effective with the pay period beginning November 23, 2003. Employees will be made whole as if the Banked Leave Time program had not been in effect.